

**REMARKS/ARGUMENTS**

This Amendment is responsive to the Office Action mailed on November 14, 2008.

In this Amendment, claims 1, 4, 7, 9-12, 14-19, 21, 30, 37, 42, 48, and 58-60 have been amended. New claims 64-75 have been added. Claims 2 and 13 have been canceled. Claims 1, 3-12, and 14-75 are now presented for examination.

Exemplary support for any amendments made are given below where appropriate. No new matter is added.

A number rejections are made in the Office Action. Each rejection is addressed in the order presented in the Office Action.

**I. Rejections under 35 U.S.C. §101**

The Examiner has rejected claims 1, 2, 7-18, 30-51, 52-54, and 56-62 under 35 U.S.C. §101 as being allegedly directed toward non-statutory subject matter. This rejection is traversed.

In order to expedite prosecution, claims 1, 4, 7, 9-12, 14-18, 30, and 37 have been amended to recite particular apparatuses that carry out the claimed steps. The remaining claims are dependent from one of these claims and thus incorporate the same amended structure.

Support for distribution channels can be found at least at ¶¶29-32, ¶41, and ¶106. As those paragraphs explain, distribution channels include devices such as physical point of sale devices, stand alone point of sale devices, integrated point of sale devices, and mobile devices. All of these devices are devices that are capable of conducting a loyalty transaction.

Support for hosts can be found at least at ¶27, ¶¶60-61, and ¶106. As explained by these paragraphs, hosts are computer systems that can communicate with distribution channels and send the distribution channels information that they can use to implement loyalty programs.

In light of the amendments made to the claims, the Applicant respectfully requests that the §101 rejection be withdrawn.

## **II. Rejections under 35 U.S.C. §112**

The Examiner has rejected claims 42-51 and 58-59 under 35 U.S.C. §112 as being indefinite. This rejection is traversed.

The Examiner has rejected claims 42-47 as indefinite because they are not system claims. The Applicants are confused by this assertion because claims 42-47 do not purport to be system claims; the claims are, on their face, device claims that recite various modules present in the claimed device.

The Examiner has rejected claims 48-51 as system claims, however, the Applicants are confused as to why the mere fact that they are system claims renders the claims indefinite. The claims properly recite two types of components that make up the claimed system – portable devices and distribution channels. Support for portable devices can be found at ¶¶33-34 and support for distribution channels can be found at least at ¶¶29-32, ¶41, and ¶106. These components are properly claimed as a system in claims 48-51.

Claims 58-59 have been amended to correctly recite that they are dependent from a device claim and not a method claim.

In light of the statements above and the amendments made to the claims, the Applicant respectfully requests that the §112 rejection be withdrawn.

## **III. Rejections under 35 U.S.C. §102**

Claims 1-62 are rejected under 35 U.S.C. §102(e) as being anticipated by Iannacci (US Patent Pub. No. US 2002/0062249, hereafter "Iannacci"). This rejection is traversed.

Iannacci fails to anticipate independent claims 1, 12, 21, 30, 37, 42, 48 or any claims dependent thereon. "A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987). MPEP 2131. Here, Iannacci does not disclose a system or method where, *inter alia*, one or more incentives are selected from a plurality of incentives "wherein at least two of the

plurality of incentives are based on the same product in the transaction." Each of the independent claims recite this element, or a slight variant thereof, in the claims.

Iannacci discloses two different types of incentives that can be selected for a transaction: payment card incentives (e.g., airline miles or cash back rewards) and product-based incentives (e.g. coupons, rebates, etc.). Iannacci discloses means for selecting between multiple payment card incentives. For example, one card may offer 1000 airline miles for a given purchase while another card may offer 3% back as a cash-back incentive. Iannacci discloses how its disclosed system can be used by consumers to select one of these payment card incentives. Iannacci also discloses that the selected payment card incentive can be combined with a product-based incentive and applied to a transaction. For example, in addition to selecting a payment card that offers 1000 airline miles, the system disclosed by Iannacci can search for and apply coupons that are redeemable based on items purchased in the transaction. However, with respect to product-based incentives, Iannacci only discloses a system that can search for and apply one incentive for each item in a transaction. Iannacci does not disclose how to select between or potentially combine product-based incentives that are offered for the same product in a transaction.

For example, the Examiner cites Iannacci at ¶¶311-328 as disclosing various aspects of the present claims. These paragraphs disclose three different embodiments. None of these embodiments disclose one or more incentives that are selected from a plurality of incentives wherein at least two of the plurality of incentives are based on the same product in the transaction.

The first Iannacci embodiment in this section is entitled "Application Example 1." In this embodiment, the consumer has various incentives to choose from regarding the payment device used for the transaction, but only one incentive is offered for each product that is a part of the transaction. (¶314)

The next Iannacci in this section is entitled "Application Example 2." In this embodiment, there are three different incentives available for three different products. (¶322) Once again, there are not at least two incentives based on the same product in the transaction.

The final embodiment in this section is entitled “Convenience and Awareness Applications.” This embodiment describes a transaction in which there are many different incentives available based on the payment card selected, but the same \$150.00 manufacture rebate is the only product-based incentive available for each option. (¶328)

The present claims improve on systems such as the one disclosed by Iannacci by allowing multiple sponsors to offer multiple incentives for the same product. The present claims also allow consumers to have a means for using rules to select and combine these product-based incentives. At the time of the application, the prior art typically did not allow sponsors to offering more than one incentive per product at the same time, and Iannacci’s disclosure is consistent with the state of the prior art as explained in the present application. As stated in the specification of the present application:

Typically, when an incentive for a product is offered by a sponsor, another incentive for the same product during the same time period cannot be offered. Multiple offers for the same product create conflicts that require complex decisions about how and what to redeem when there exists more than one outcome based upon the user’s basket of products purchased and what incentive the user desires from the choice of incentives provided by multiple offers. The sponsor does not know what the user’s choice would be at any given time for any given purchase. Thus, in order to avoid conflicts, sponsors generally limit their offering only one incentive for a product during the same time period. (¶3)

Improving this limitation in the prior art was one of the goals of embodiments of the invention:

By only offering one incentive per product, the value of offering incentives for purchase behavior is decreased because different users may respond to different incentives. Thus, it is possible that only some users will be enticed to purchase a product because of an incentive and others would respond to another incentive (with a different offer) and will not be as inclined to purchase the product. Because of the limitations of offering one incentive per product, the incentives cannot be changed or tailored to satisfy different user desires or used to test multiple offers against each other concurrently to be able to evaluate which is the most effective incentive. Also, once a first incentive is offered for a product, sponsors that would like to offer an incentive for the same product during the same time period cannot do so until the first incentive is revoked or expires. (¶4)

Embodiments of the present claims introduce the capability to allow multiple product-based incentives for the same product by introducing logic to select and combine these product-based incentives. As is demonstrated by the explanations above, Iannacci simply does not disclose, teach, or suggest how to address the problem of facilitating multiple product-based incentives for different sponsors.

Since Iannacci does not disclose a system or method in which one or more incentives are selected from a plurality of incentives "wherein at least two of the plurality of incentives are based on the same product in the transaction," Iannacci does not anticipate claims independent claims 1, 12, 21, 30, 37, 42, 48 or any claims dependent thereon. Applicants respectfully request that the rejections to claims 1-62 be withdrawn.

#### **IV. Dependent Claims 15, 23, 32, 39, and 51**

Some of the differences between the present claims and Iannacci are made even more clear by the various dependent claims that are directed toward combining product-based incentives for the same product. Such claims include claims 15, 23, 32, 39, and 51. Iannacci discloses combining two different classes of incentives (payment card and product-based), but Iannacci does not teach or disclose how to combine product-based incentives. Figs. 5, 6, and 7 in the present application make this distinction clearer by giving examples of the logic used to combine product-based incentives that may be eligible for various combinations. While Iannacci discloses rules that can be used to select between payment devices, Iannacci simply does not teach or disclose rules that can be used to combine product-based incentives, and thus these claims are additionally allowable over Iannacci for at least this reason.

#### **V. New Claims 64-75**

Claims 64-75 have been added to the application. These claims depend from non-obvious independent claims and further recite additional features that make them patentable.

In particular, claims 64-69 recite that at least two different sponsors of different loyalty programs offer the at least two different incentives for the same product. As explained above, one of the aims of embodiments of the present invention is to facilitate multiple simultaneous incentives for a single product offered by multiple entities. This feature allows each of the multiple entities to offer their own loyalty program without having to worry about any conflicts between the incentives offered between programs. Iannacci does not disclose, teach, or suggest a system that can implement multiple loyalty programs sponsored by multiple

parties offering incentives based on the same product as is presently claimed. Support of these claims can be found at least at ¶37.

Claims 70-75 recite claims targeted toward embodiments where the distribution channel operates in an offline mode while processing the loyalty transaction and applying incentives to the transaction. In other words, these embodiments do not have to communicate with a host while processing the transaction in order to provide incentives for products in the transaction. The systems and methods disclosed in Iannacci operate strictly in an online mode where a "Universal Server" is accessed to help process every transaction. Iannacci even states that its universal server system is its invention (*see, e.g.*, ¶242), and thus teaches away from operating in an offline manner. Support for these claims can be found in the present application at least at ¶29.

### CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

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